

Good News!

Cash Balance Dividend



Once again, positive investment returns for the plan year have enabled the Public Employees Retirement Board (PERB) to grant an earnings allocation (dividend) to the account of each **Cash Balance** benefit participant who had an account balance on December 31, 2005.

The PERB, by law, has the option to grant once per year a dividend to active member accounts while maintaining the required cushion of 10% of the assets. The PERB's goal with the Cash Balance benefit is to maintain benefit adequacy, which is defined as an annual 8% return. If the credit rate (set by statute as the federal mid-term rate plus 1.5%) is less than the benefit adequacy guideline of 8%, the difference may be credited to each member account as a dividend if gains allow.

Here is how the dividend will be calculated, based on the actuary's recommendations: A **State** member's 12/31/2005 account balance will be multiplied by an earnings factor of **13.5%**. For example, an account balance of \$25,000 as of 12/31/05 would result in a one-time dividend of \$3,375. A **County** member's 12/31/2005 account balance will be multiplied by an earnings factor of **16.4%**. For example, an account balance of \$25,000 as of 12/31/05 would result in a one-time dividend of \$4,100.

Any interest earned between January 1, 2006, and the day the dividend is issued will be credited to each participant's account. The dividend will be distributed by the end of the fourth quarter of 2006, and will appear under the "Gain/Loss" column on member quarterly account statements mailed the first part of January 2007. □